

News from the Illinois Commerce Commission

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ICC APPROVES NEW DELIVERY RATES FOR AMEREN UTILITIES

The Illinois Commerce Commission issued an order Tuesday, establishing new delivery service rates for Ameren customers aimed at generating a total of \$97 million in additional annual revenue to operate AmerenCILCO, AmerenCIPS and AmerenIP. The company asked the Commission for approval to collect more than \$200 million in new annual revenue.

Specifically, the Commission approved a reduction of \$8 million in revenue for AmerenCIPS, or a 3.8 percent reduction from current revenue; a \$20.7 million increase in annual revenue for AmerenCILCO, or 21 percent increase over current revenue and a \$83.9 million increase in annual revenue for AmerenIP, a 32 percent increase over current revenue.

The orders establish a rate of return of 7.94 percent for AmerenCILCO, 8.06 for AmerenCIPS and 8.33 percent for AmerenIP.

Distribution rates account for between 20 to 30 percent of a customer bill. Ameren currently projects rate increases ranging between 40 and 55 percent, depending on the utility, in 2007. Those projections include the new per kilowatt-hour price of electricity that the company purchased for customers through the auction held in September 2006 and the additional annual revenue from delivery rates the company sought moving forward.

Among the areas in which the Commission reduced projected expenditures were administrative and general, incentive compensation, pensions, and rate of return.

Most Ameren electric customers will see their first increase in rates since 1997. Beginning in 1998, rates for Illinois Power were reduced by 20 percent, CIPS 5 percent and CILCO 5 percent and frozen through the end of 2006, as part of the decade-long transition to full deregulation. The ICC reviewed distribution rates and approved additional operating revenue for the company in 1999 and 2001, but only large industrial or commercial customers opting for an alternative electric supplier paid delivery rates to the utility.

In a related matter, the Commission is considering an Ameren proposal to "mitigate" the impact of any rate increases on customers by allowing a customer to choose to phase in new electric rates over a period of three years. A decision in that case is expected in the first quarter of 2007.

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